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To:	Stan Sokolowski <ssokolowski@cifc.com>
CC:	
Date:	Thu, 4/30/2015 6:47:50 PM
Subject:	Daily Update

Quote of the Day

"You can't get rich trading a hundred-dollar bill for eight tens" – Warren Buffet

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- Risk is back into its months long range after the Fed's statement hit the tape. Highlights (with the an alternative perspective in parentheses) include:

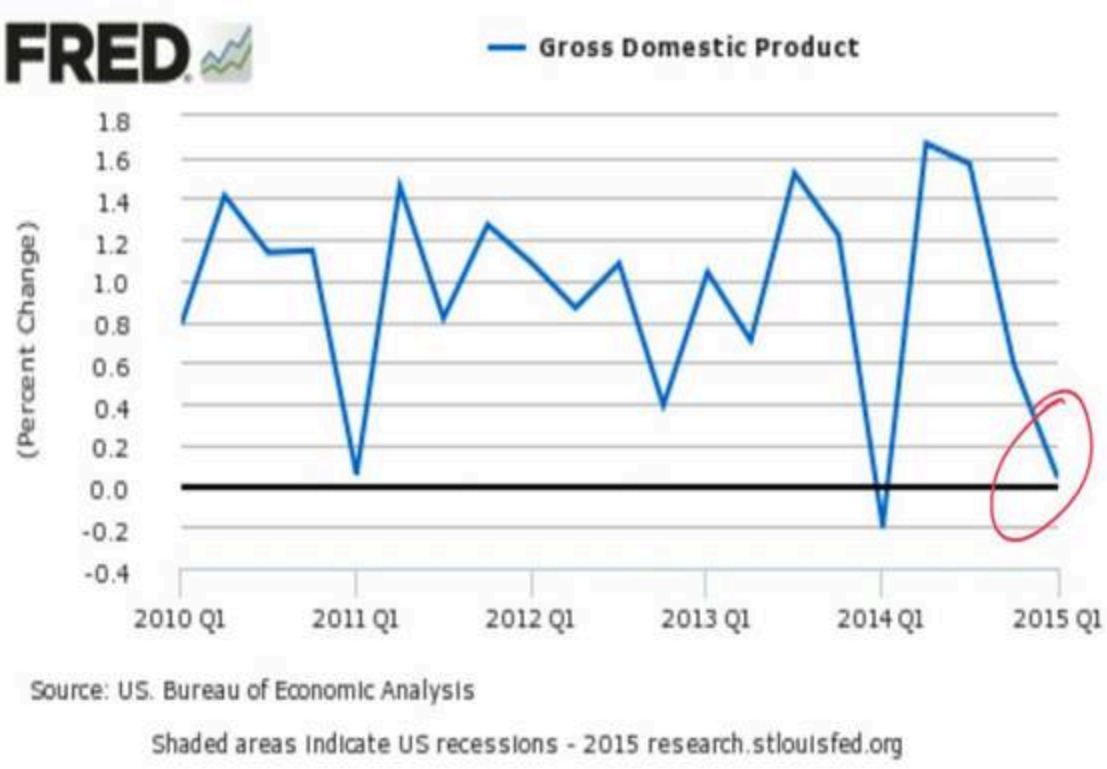
    - They downplayed the significance of the 1rst quarters' economic slowdown. They did acknowledge it but blamed the weather (Cap ex is slowing sharply, earnings are slowing and the impact of less oil and gas activity, in addition to weather, is slowing the economy down)
    - Labor conditions improved (If you are a waiter or a bartender…but there is no material wage pressure out there yet)
    - Household spending rose modestly (Folks are spending less on big ticket items but are not yet opening the purse strings, even with savings from lower gasoline prices)
    - They expect inflation to remain low but they expect it to rise (They have been expecting inflation to eventually rise for a while now…)
    - They still left open the possibility of raising rates in the second half of the year (Lower for longer…….)
    - (They should have included the following footnote: "*Buy more yielding credit assets. CIFC has a very good line-up of products."))

  Surprisingly rates faded and yields increased post the release. The smart guys are blaming bad positioning and a reversal of yields in Europe as the culprits. Additionally, European equities had a very rough day yesterday (Germany was down over 3% / 580 Dow equivalent points!). The Dollar is paying the price for a lower for longer view of investors too. Futures -14. 10 year: 2.09%

- Data: Personal Income misses at 0.0% (vs. 0.2% exp). Personal spending misses at 0.4% (vs. 0.5% exp). Claims beat nicely at 262k (vs. 290k exp) with de minimis revisions. They are now at the lowest level in 15 years. The Employment Cost Index came in at 0.7% slightly ahead of expectations (.06%)

- Credit: Repricings continue (LVLT is the latest victim this morning. Who asked the question about Call Protection at the morning meeting yesterday, Ira?...). High Yield bonds were weaker yesterday as government bonds sold off. We are starting to see some softening in sympathy with equity and rate price action. Please stay close to the desk because we can create some value through execution in these conditions. Please stay alert, it appears that we might finally see a very, very small amount of softness.

- Charts of the day:



US$

More leverage being used by investors
(make sense in a low return, policy supported world)

- Other:
    - From the Telegraph story we circulated yesterday on negative rates:

      Here's an astonishing statistic; more than 30pc of all government debt in the eurozone – around €2 trillion of securities in total – is trading on a negative interest rate.

      With the advent of European Central Bank quantitative easing, what began four months ago when 10-year Swiss yields turned negative for the first time has snowballed into a veritable avalanche of negative rates across European government bond markets. In the hunt for apparently "safe assets", investors have thrown caution to the wind, and collectively determined to pay governments for the privilege of lending to them.

      On a country by country basis, the statistics are even more startling. According to investment bank Jefferies, some 70pc of all German bunds now trade on a negative yield. In France, it's 50pc, and even in Spain, which was widely thought insolvent only a few years ago, it's 17pc.

      Not only has this never happened before on such a scale, but it marks a scarcely believable turnaround on the situation at the height of the eurozone crisis just a little while back, when some European bond markets traded on yields that reflected the very real possibility of default. Yet far from being a welcome sign of returning economic confidence, this almost surreal state of affairs actually signals the very

reverse. How did we get here, and what does it mean for the future? Whichever way you come at it, the answer to this second question is not good, not good at all.

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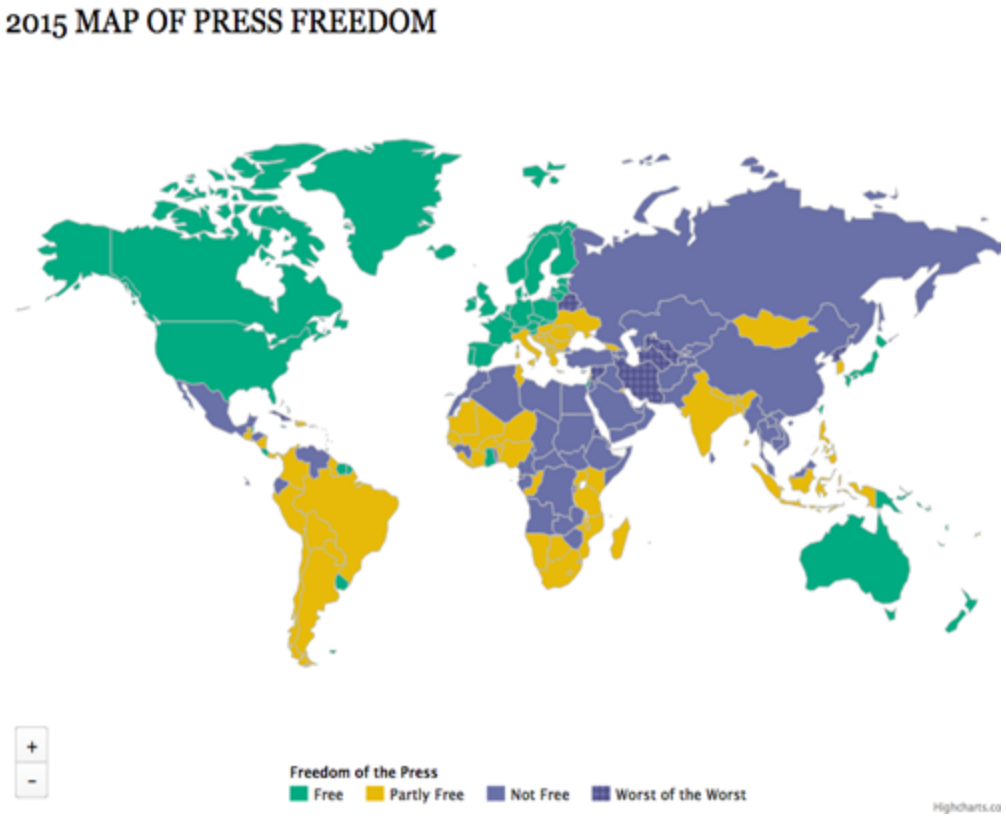
- Press freedom?



- HY: 107 1/8 (-3/16)
- IG: 63 ¼ (+5/8)
- CSLLI: 0.91% mtd / 2.99% ytd

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